

IN THE MATTER OF THE ARBITRATION BETWEEN

CITY OF CENTERVILLE, IOWA,	:	
Employer,	:	CEO# 17
and	:	SECTOR 3
	:	
PPME LOCAL 2003	:	
(PUBLIC WORKS)	:	ARBITRATORS AWARD
Union.	:	

APPEARANCES

For the Union: Randall D. Schultz, Business Representative
Tommy Carson, Seward
Gary Smothers, Steward

For the City: Debra George, City Attorney
Cynthia Cortesio, City Clerk
Jack Williams, Mayor
William Milani, Council Person
Glenn Moritz, Council Person

BACKGROUND

Public Professional and Maintenance Employees, Local 2003, has been representing the streets and waste-water employees of the City of Centerville, Iowa since 1979. There are currently nine employees in the bargaining unit, four of whom work in the streets department and five of whom work in the waste-water department. Prior to the arbitration hearing in this matter, the Employer and the Union had engaged in bargaining the July 1, 2004 to June 30, 2005 contract in two sessions and thereafter had participated unsuccessfully in two mediation sessions in an attempt to reach agreement on the contract. A fact-finding hearing was held on March 9, 2004, with Hugh J. Perry acting as the Fact-finder. There were four items at impasse considered by Fact-finder Perry: wages, insurance, holidays and hours of work. Fact-finder Perry issued a

report, dated March 24, 2004, in which he recommended a \$.38 per hour wage increase for each member of the bargaining unit, no change in the health insurance benefit, employee contribution to the cost thereof, or language relating thereto, no change in the number of holidays for bargaining unit employees, and elimination of language relating to the hours of work for the humane officer job classification. The Union accepted the Fact-finder's recommendation, but the Employer did not. See introduction to the Union Exhibit and Union Exhibits 4 and 11. The arbitration hearing before the undersigned was held on April 29, 2004, at the Centerville City Hall building, commencing at approximately 3:00 P.M. and concluding at approximately 6:40 P.M. Arbitration was held per a separate impasse agreement, a copy of which is attached hereto and marked as Exhibit "A". The Union's case was presented primarily by Randall D. Schultz, and the Employer's case was presented primarily by Debra George. The respective positions of the parties on each impasse item before the undersigned were well organized and argued.

ITEMS AT IMPASSE

Prior to the arbitration hearing, the Union and the Employer exchanged final offers, copies of which are attached hereto and marked as Exhibits "B" and "C". From these offers and the presentations of the representatives at the hearing in this matter, the undersigned has determined the items at impasse for the undersigned to make awards upon are the same as those which were

before the Fact-finder: wages, insurance, holidays and hours of work.¹ The respective positions of the parties on the wage and holiday items need no further explanation. However, the Employer's proposal on the insurance item merits some further explanation. The current contract between the parties requires employees to pay part of the cost of single and family health insurance coverage, on a flat-dollar amount basis: \$45.00 per month for plan A single coverage, \$25.00 per month for Plan B single coverage and \$100.00 per month for family coverage, in addition to the amount paid by the employee for single coverage. The current flat-dollar contribution of employees is equivalent to 13.5% of the total current cost for single coverage and 19.6% of the total current cost for family coverage. The Employer's offer would change the employee contribution from the flat-dollar amounts to a percentage of the cost of the health insurance benefit, which is based upon the ratio the current flat-dollar contribution bears to the current total cost of the health insurance benefit. See Union Exhibit No. 2, the current contract, and Employer testimony at the hearing in this matter. The Employer's offer would also increase the deductibles and out-of-pocket maximums employees would pay under

¹ The Employer's offer contains a fifth paragraph or section, relating to the effective dates of the agreement. Although this section of the Employer's offer was not explicitly addressed in the Union's offer, the undersigned understood both parties were proposing a one year contract commencing July 1, 2004.

the health insurance plan and would permit the Employer to change the terms of the plan at its discretion.

The last item for consideration involves the following language in the current contract between the parties.

Article IX, Section 3:

The job classification of humane officer will work a daily and weekly work schedule approved by the Employer.

The total number of hours scheduled annually for the job classification of humane officer will be 2080 hours, more or less.

It is the last sentence of the aforesaid section which is of concern to the Employer in this matter. The Employer suggests it could be read as requiring full-time employment within the humane officer classification.

Section 20.22(3) of the Code of Iowa restricts awards of arbitrators to the final offers on each impasse item submitted by the parties to the arbitration board or to the recommendation of the fact-finder on each impasse item. Section 20.22(11) of the Code requires this Arbitrator to select the "most reasonable" offer on each item at impasse or the recommendations of the Fact-finder on those items. Section 20.22(9) of the Code requires arbitrators to consider, along with other relevant factors, four categories of factors, which the undersigned would summarize as comparability bargaining history, interests and welfare of the public and ability to pay. The analysis which follows is structured in terms of the

foregoing factors, where evidence relating to same was offered by the parties for consideration in this matter.

I. WAGES - FINDINGS

COMPARISONS

The parties to this impasse did not agree on one group of employers and employees to use for comparisons on the wage, insurance and holiday items. The Union offered the following group of Iowa cities and their streets/waste-water bargaining units for comparison:

<u>City</u>	<u>Population</u>
Bloomfield	2601
Albia	3706
Osceola	4659
Creston	7595
Knoxville	7731
Oskaloosa	10,938

The Employer offered the following group for comparison:

City of Bloomfield, IA	2601
City of Albia, IA	3706
City of Leon, IA	1983
City of Chariton, IA	4573
City of Lamoni, IA	2444
City of Corydon, IA	1591
Appanoose County	

The undersigned concludes the wages paid and insurance benefits and holidays provided to the members of the streets/waste-water bargaining units of the cities of Albia, Bloomfield, Osceola, Creston, Knoxville and Oskaloosa and the secondary-road bargaining unit of Appanoose County are appropriate for comparisons in this matter. All of the aforesaid cities are county seats, as is Centerville, and all of their streets/waste-water employees are

members of certified bargaining units. The populations of said cities are somewhat similar to that of Centerville, which is 5924. Although these cities are not all located in counties contiguous to Appanoose County, wherein Centerville is located, they are none the less geographically proximate in the judgment of the undersigned.

The undersigned does note, as shown in the Employer's Exhibit, as of June 7, 2002, the median incomes of residents of the Cities of Knoxville and Oskaloosa were significantly higher than the median income of residents of Centerville. The Employer's Exhibit shows as of that date the following regarding those median incomes:

Knoxville	\$42,401.00
Oskaloosa	\$41,845.00
Centerville	\$28,612.00

The undersigned believes the difference in such incomes alone is not a reason to reject those two cities under the Union's group for comparison purposes, but it is something to keep in mind. The data would suggest residents of Centerville do not have the same financial capacity, as residents of Knoxville and Oskaloosa have, to pay the property taxes and fees which support employee compensation. This is one reason the undersigned has also looked to the information submitted concerning the Appanoose County secondary-road employees in making comparisons. This Arbitrator also notes the record reflects those county employees are represented by the same union representing the employees in this matter. Additionally, the undersigned is aware that road-use monies from the State of Iowa are used to support county secondary-

road department budgets, and the record in this matter reflects those funds are used to pay for the wages and benefits of the streets employees of the City of Centerville.² It is also likely the cost of living impacts Appanoose County secondary-road employees and the bargaining-unit employees at impasse in this matter in a similar fashion. Finally, it would appear there is some comparability in the work Centerville streets employees perform and Appanoose County secondary road employees perform.

With respect to the wage impasse item, the Union provided the following comparison of equipment operator wages within its group:

City	Equipment* Operator FY2004	Percentage Increase July 1, 2004	Equipment Operator FY2005
Bloomfield	\$13.34	3.0%	\$13.74
Albia	\$12.55	4.6%	\$13.13
Osceola	\$14.58	2.75%	\$14.98
Creston	\$13.25	3.0%	\$13.65
Knoxville	\$15.94	3.5%	\$16.50
Oskaloosa	\$15.65	2.5%	\$16.04
Average	\$14.22	3.23% (\$0.45%)	\$14.67
Centerville	\$12.78	Union \$0.43 (3.27%)	\$13.21 Behind (-11%)
		City \$0.00 (0%)	\$12.78 Behind (-14.8%)

*Top Rate Non-Supervisory
See Union Exhibit No. 11

²The record made in this matter would indicate some of the employees in the Employer's comparison group are not part of certified bargaining units. Comparisons of the terms of employment of such employees is problematic, in that those employees would not have recourse to the impasse procedures of Chapter 20 of the Code of Iowa.

If one does not include the wages paid by the Cities of Knoxville and Oskaloosa in the computation, the average of the FY2004 hourly wage rates for equipment operators employed by the remaining cities in the group is \$13.43, and average of the FY2005 hourly wage rates will be \$13.88.³

Regarding waste-water operator wages, the Union offered the following comparison information:

City	Waste Water* Operator FY2004	Percentage Increase July 1, 2004	Waste Water* Operator FY2005
Bloomfield	\$13.34	3.0%	\$13.74
Albia	\$12.55	4.6%	\$13.13
Osceola	\$14.44	2.75%	\$14.83
Creston**	\$13.41	3.0%	\$13.81
Knoxville**	\$16.55	3.5%	\$17.13
Oskaloosa**	\$17.27	2.5%	\$17.70
Average	\$14.59	3.22% (\$0.47%)	\$15.06
Centerville	Behind(-14.8%) \$12.78	(3.27%) Union \$0.43 (0%) City \$0.00	Behind (-14.0%) \$13.21 Behind (-17.8%) \$12.78

*Top Rate Non-Supervisory

**Additional Certification Pay

See Union Exhibit No. 11.

³There are currently two Centerville employees in the bargaining unit whose duties are equivalent to equipment operator duties. The undersigned notes the Employer's exhibit showed the current lowest streets department wage paid by the City of Albia is \$13.66 per hour and that it will increase to \$14.23 on July 1, 2004.

Again, if one averages the hourly waste-water wage paid by the first four cities listed above, the result obtained for FY2004 is \$13.44 and for FY05 it will be \$13.88.⁴

Appanoose County currently pays its secondary-road laborer classification at the rate of \$13.43 per hour, the truck driver classification at the rate of \$13.69 per hour, and the equipment operator classification in that department at the rate of \$13.93 per hour. Employees in the Appanoose County secondary-road department will receive a \$.45 per hour raise in FY2005. See Employer Exhibit.

BARGAINING HISTORY

In the record made it appears that for the period FY1997 through FY2003, the parties voluntarily negotiated annual wage increases of 3.0% for the bargaining unit members. For FY2004, Arbitrator Kim Hoogeveen awarded an across-the-board wage increase for the bargaining unit members of 40¢ per hour (approximately a 3% increase).⁵ See Union Exhibits No. 11 and No. 15.

⁴Two of the three Centerville waste-water operators are currently paid at the \$12.78 per hour rate. They also receive an additional \$150.00 per month in certification pay. Adding that to the regular hourly wage rate, one finds the resultant hourly rate is \$13.64, which compares favorably to the rate shown by the Union exhibit paid by the City of Creston.

⁵At the hearing, the parties indicated FY2004 was the first time in memory that arbitration had been resorted to.

ABILITY TO PAY/INTEREST OF THE PUBLIC

The undersigned computes the cost of the Union's offer on wages, not including FICA and IPERS, as follows:

$$\text{\$ } .43 \times 2080 \times 9 = \text{\$ } 8,049.60$$

Using the same approach, the cost of the wage increase recommended by the Fact-Finder in this matter would be:

$$\text{\$ } .38 \times 2080 \times 9 = \text{\$ } 7,113.60$$

The Employer has set its FY2005 property tax levy rate at \$16.04 per \$1,000.00 of taxable valuation.⁶ A levy rate of \$16.62 would be permissible by Iowa law and if levied, would generate approximately \$65,000.00 in additional tax revenue. Funding of waste-water employee wages and benefits comes from the waste-water fees charged by the Employer to residents. The Employer has the ability to raise those rates. The Employer projects waste-water revenue in FY2005 will be \$662,230.00 and that FY2005 expenditures for the waste-water department will be \$659,261.38. At the hearing the undersigned was advised a wage increase for employees in that department of approximately 2% is part of the projected expenditures budgeted for, as is an increase in the cost of insurance benefits for employees in that department. Although street department employee wages and benefits may be paid from the Employer's general fund monies, as well as from road-use funds it

⁶This represents a \$1.27 per thousand increase over the FY04 rate levied by the Employer, which was \$14.79542. That rate was below the rates levied in Bloomfield and Albia, which were \$15.10695 and \$15.64234 respectively. See Union Exhibit No. 13.

receives from the State of Iowa, the Employer has chosen to pay for those salaries and benefits exclusively from road-use funds it receives. In FY2004, the Employer resolved to pay street-light electric bills from road-use funds. Previously those bills were paid from the Employer's general funds. While the Employer projects an increase in road-use funds it will receive in FY2005 of \$17,772.00, because it again has budgeted to pay the street-light bills from those funds, it projects a deficit in road-use funds available for other purposes of \$58,228.00. See Employer Testimony and Exhibit.

In its FY2005 general fund budget, the Employer has cut airport funding to one-half of the FY2004 amount it paid and has reduced the funding to the city swimming pool, reducing the time it will be open to approximately six weeks.

In the past two fiscal years, the Employer has not filled two open positions in the streets department. The Union computed the reduction in base-wage cost to the Employer for the position not filled in FY2004 to be \$26,582.00. See Union Exhibit No. 12.

OTHER RELEVANT FACTORS

The Employer's AFSCME bargaining unit contract provides for a \$.43 per hour wage increase on July 1, 2004, and a \$.44 per hour wage increase on July 1, 2005, for the Employer's police officers and firefighters. That bargaining unit, in recognition of the Employer's financial condition, has agreed to defer the wage increase which was to go into effect on July 1, 2004 to July 1,

2005. The result will be that those bargaining unit members will receive an \$.87 per hour wage increase on July 1, 2005. The current beginning police patrol officer hourly wage is \$13.41. A police patrol officer with two years experience is currently paid \$15.77 per hour.

II INSURANCE - FINDINGS

COMPARISONS

The Union offered the following comparison information on the insurance impasse item:

City	Employee Contribution Single	Employee Contribution Dependent	Annual Deductible Single/Family	Out-of-Pocket Maximum Single/Family
Bloomfield	\$0	\$241	\$500/\$1000	\$1500/\$3000
Albia	\$6	\$0	\$500/\$1000	\$1500/\$3000
Oscelola	\$0	\$42	\$250/\$500	\$1000/\$2000
Creston	\$1	\$10	\$200/\$400	\$200/\$400
Knoxville	\$0	\$189	\$250/\$500	\$1000/\$2000
Oskaloosa	\$0	\$0	\$100/\$200	\$300/\$600
Centerville (Current)	\$45	\$100*	\$300/\$600	\$1250/\$2500

*In addition to the single contribution.

See Union Exhibits No. 8 and No. 9

The undersigned notes, regarding the City of Albia, the Employer's Exhibit shows that currently Albia pays the total premium for single and dependent coverage and effective July 1, 2004, employees will pay a portion of the health insurance costs, shown as follows on said Exhibit:

Family	\$ 0.00 (per month)
Employee & Spouse	\$29.62 (per month)

Single	\$ 7.64 (per month)
Employee & Dependents	\$20.06 (per month)

Appanoose County pays all of the cost of single coverage under its health insurance plan and employees in the secondary roads department pay \$280.72 per month toward the cost of dependent coverage under that plan. The deductibles under the County plan appear to be \$100/\$400. See Employer Exhibit.

BARGAINING HISTORY

In the record made it would appear the parties have not before arbitrated the issue of insurance. In the arbitration, for the current contract the only impasse item was wages. See Union Exhibit No. 15. Thus, one can conclude the current health insurance benefit is the product of voluntary agreement between the parties. Although the complete history of bargaining with respect to health insurance was not offered in this matter, Union Exhibit No. 10 reflects that effective January 1, 2001, the bargaining unit agreed to go from a single-plan, health-insurance benefit, for which employees contributed \$20.00 per month for single coverage and an additional \$55.00 per month for family coverage, to a two-plan health-insurance benefit, for which employees selecting Plan A contributed \$45.00 per month for single coverage and an additional \$100.00 per month for family coverage.⁷

⁷Under the said agreement, the other plan, Plan B, required contributions by employees of \$25.00 per month for single coverage and an additional \$55.00 per month for family coverage. The two plans and the respective employee contribution amounts remain the basis of the current agreement between the parties.

On January 27, 2003, the parties bargained a further change to the health insurance benefits, wherein the annual deductibles and out-of-pocket maximums to be paid by employees were increased as follows:

<u>Single</u>	<u>Family</u>
Annual Deductibles \$200 to \$300	\$400 to \$600
Max. Out-of-pocket \$1000 to \$1250	\$2000 to \$2500

See Union Exhibit No. 10.

ABILITY TO PAY/INTERESTS OF THE PUBLIC

The Employer's health insurance plan is self-funded. In December of 2003, health plan administrators projected a deficit of \$66,000.00 in the insurance trust fund. To assist the Employer to meet the statutory requirements regarding the fund, the Employer's police and fire unit in March of 2004 agreed to an increase in the portion of the premiums paid by employees in that unit and a change in benefits.⁸

Employer testimony received at the hearing indicates a deficit in the trust fund continues to exist and in fact, has increased. Currently there are eight employees in the bargaining unit who have elected to receive family health insurance coverage and one employee who has elected single coverage. See Union Exhibit 11.

⁸What changes in benefits were agreed to is not exactly clear from the evidence received from the Employer. Based upon information contained in a March 26, 2004 message from Klete Geren to Cynthia Cortesio, the change in benefits agreed to appear to have included a change in the prescription benefits portion of the plan.

From a review of the exhibits of the parties and the testimony they offered in this matter, the undersigned is unable to determine the cost of the Union's proposal regarding retiree insurance benefits. However, the dollar difference between the current contribution amounts paid by employees in the bargaining unit and the employee contribution amount sought by the Employer for the FY2005 contract can be determined. That difference provides one measure of the cost of the Fact-finder's recommendation to maintain the current contribution amounts and can be computed as follows:

<u>Family</u>	<u>Single</u>
\$175.00 (Employer offer)	\$54.50 (Employer offer)
<u>-\$145.00</u> (Current)	<u>-45.00</u> (Current)
\$ 30.00 x 8 x 12 = \$2880.00	\$ 9.50 x 12 = \$114.00

\$2880.00
+ 114.00
 \$2994.00

OTHER RELEVANT FACTORS

The language regarding health and dental insurance for retirees, sought to be added to the FY2005 contract by the Union, is currently part of the Employer's contract with the police/fire department bargaining unit. While the Employer has not proposed adding that language to the PPME bargaining-unit contract, testimony was received that in the past at least some retired members of that bargaining unit have received the benefit as a matter of Employer discretion.

III HOLIDAY PAY - FINDINGS

COMPARISONS

In the Union's group of comparables, 5 of the 6 cities have agreed with their streets/waste-water units to provide more holidays per year than agreed to by the Employer in this matter. Only Bloomfield provides the same number as Centerville. The Albia, Creston, Knoxville and Oskaloosa contracts provide for 10 holidays. The Osceola contract provides for 12 holidays. See Union Exhibit No. 7. Appanoose County's secondary road bargaining unit receives 10 paid holidays per year.⁹ See Employer Exhibit.

BARGAINING HISTORY

From the record made in this matter, the undersigned concludes the number of holidays and related language in the current contract of the parties is the product of voluntary agreement. As noted previously, the prior year's arbitration dealt with only one impasse item, wages, and those persons present at the hearing in

⁹Hugh J. Perry, the Fact-finder, in recommending against adding another holiday in the PPME contract, noted Centerville has agreed to providing 2 personal days, in addition to the 9 holidays, to its streets/waste-water employees. He noted the record before him did reflect whether the other cities compared by the Union provide for personal days or not. In this case, the Union submitted evidence that the cities in its comparability group all provide 3 or more days of "family or emergency leave". The undersigned is not certain whether that leave is the same as personal-day leave, which the use of is not contractually limited to taking care of family matters or responding to emergencies. See Article XIV, Section G, of the current contract between the parties, Union Exhibit No. 2.

this matter recalled no prior arbitration between the Employer and bargaining unit.

ABILITY TO PAY/INTEREST OF THE PUBLIC

The cost to provide an additional holiday to the nine employees currently employed and part of the streets/waste-water bargaining unit would be \$1,144.90. See Employer Exhibit.

IV HOURS OF WORK - FINDINGS

In the record made, the undersigned finds no evidence pertaining to this impasse item which can be characterized as comparison evidence or evidence relating to ability to pay. It would appear the language regarding hours for humane-officer has been a part of the contract since the inception of bargaining between the parties. See Employer Testimony. Whether the deletion of that language, as proposed by the Employer, would have any serious impact is less apparent. The current contract, but for reference to the humane officer's hours, makes no other explicit reference to that job classification. The wage schedule makes no reference to the humane-officer classification. See Union Exhibit No. 2. During negotiations of the FY2004 contract, the Union agreed to remove a reference to overtime for the humane-officer. See Union Exhibit No. 6. It would appear, from the Employer's statements at the hearing, which were received without rebuttal, the humane-officer salary is paid from the general fund of the Employer, whereas the streets employees' salaries are paid from road-use tax money and the waste-water employees' salaries are paid

from waste-water fees paid by Centerville residents. See Employer Exhibit and Testimony.

Currently, the person employed in the humane-officer job classification is employed on a part-time basis.

DISCUSSIONS AND CONCLUSIONS

I. WAGES

The undersigned concludes the comparison evidence, bargaining-history evidence and evidence relating to other relevant factors favor a wage increase for the bargaining-unit in this matter. In the undersigned's judgment, the current position of the bargaining-unit wages vis-a-vis the wages of the employees in other cities compared in this decision is not determinative. Lower wages can be the product of trade-offs made in bargaining for other forms of compensation or benefits. For example, a bargaining unit may agree to a lower wage in exchange for better health insurance benefits, more vacation days, greater longevity pay and the like. What is material in this matter is the evidence that all of the cities in the Union's comparison group, of which two were also used by the Employer for comparison, have agreed to wage increases for their bargaining-unit employees in FY2005. The fact that Appanoose County secondary road employees will receive a \$.45 per hour increase July 1, 2004, is also material. No evidence was offered by the Employer that it had ever bargained a "wage freeze" with this bargaining unit. To the contrary, over the last several

years, the bargaining-unit employees have received 3% annual wage increases.

Finally, what the Employer proposes on the wage impasse item for the streets/waste-water unit does not compare with what it and AFSCME have agreed to for the police/firefighter unit. The wage increase for the latter unit has not been eliminated, but, rather, it has been delayed or deferred for one year. Put another way, the Employer's offer to the bargaining unit at impasse in this matter does not entail an \$.87 per hour increase for each employee in the streets/waste-water unit on July 1, 2005; it offers no increase for FY2005 and leaves the matter of any wage increase in FY2006 to be negotiated or decided at some later date.

The Employer's offer on wages does find more support in the evidence relating to ability to pay/interests and welfare of the public. However, the significance of the evidence relating to these factors is not without conjecture. It would appear, to this Arbitrator, based upon the evidence received, the projected deficit in the road use fund in FY2005, (the fund used to pay for streets employees wages and increases thereto) would not occur but for the payment therefrom of all of the FY2005 street-light electric bills, bills which had, in years prior to FY2004, been paid from general fund monies. Furthermore, the difference in the tax rate levied by the Employer for FY2005 and what it could legally have levied impacts the conclusions one can draw from the evidence as well. That impact of the Employer's tax levy decision amounts to

approximately \$65,000.00 less in tax revenue available to the Employer to pay expenses. Finally, while waste-water fees can only be raised by ordinances, that is not the same thing as saying they can't be raised to fund a settlement in this matter. Limitations on revenue due to the discretionary decisions of an employer do not amount to an inability to pay.

It goes without saying that the impact of tax increases and increases in fees charged to residents is an important consideration in determining what is in the interest and welfare of those residents. However, the impact of those taxes and fees is not the only consideration in deciding what is in the interests and welfare of the residents. Providing wages which will attract and keep employees whose services are needed by those same residents is part of the equation as well.

While the record does not support a finding the Employer is unable to pay for a wage increase in this matter, it is apparent it has financial difficulties. Given the financial difficulties outlined by the Employer, the undersigned is of the opinion the Fact-finder's recommendation on wages strikes the most appropriate balance between the factors of ability to pay, interests and welfare of public, comparisons, bargaining history and other relevant factors.

II INSURANCE

Centerville's current streets/waste-water health insurance deductibles and out-of-pocket maximums are comparable to the

deductibles and out-of-pocket maximums found in the plans of the cities compared by the Union in this matter, and the Centerville deductible currently in effect appears to be greater than the deductible paid by Appanoose County secondary road employees. Similarly, the undersigned concludes, in the Union's comparison group, the amounts paid by Centerville street/waste-water employees for single and family health insurance coverage are greater than the norm. If one factors in the larger hourly wage of Bloomfield equipment operators and the larger hourly wage of the Appanoose County secondary road equipment operators, the larger contributions those employees make to family health insurance coverage still leaves them with greater pay before taxes than the Centerville streets maintenance employees have.

The computation supporting this conclusion is as follows:

<u>Employer</u>	<u>Hourly Wage</u>	<u>Annual Wage</u>	<u>Monthly Contrib.</u>	<u>Annual Contrib.</u>
City of	\$13.34	\$27,747.20	\$241.00	\$2892.00
Bloomfield		\$27,747.20		
		<u>-2,892.00</u>		
		\$24,855.20		
Appanoose	\$13.93	\$28,974.40	\$280.72	\$3368.64
County		\$28,974.40		
		<u>-3,368.64</u>		
		\$25,605.76		
City of	\$12.78	\$26,582.40	\$145.00	\$1740.00
Centerville		\$26,582.40		
		<u>-1,740.00</u>		
		\$24,842.40		

In terms of bargaining history, it is clear the streets/waste-water unit has in the past negotiated changes in the terms of its health insurance plan as well as increases in the contributions made by the employees in the unit toward the cost of the benefit. As Fact-finder Perry noted, that history would suggest " ... it would be inappropriate for a neutral to impose major changes in the benefit..."

As in the case of the wage impasse item, the ability to pay factor favors the Employer's offer, given the current short fall in the health insurance fund, and the fact that the police/firefighter unit has agreed to contribute to the payment of any increases in the health insurance premiums on a percentage basis also favors the Employer's offer. Given the funding shortfall, adding an early retirement benefit as requested by the Union, while not otherwise increasing the employees' contribution amount, does not seem reasonable.

It is the "other relevant factor" evidence in this case, which in the judgement of this Arbitrator, mitigates against the Employer's offer in the final analysis. As noted in the Fact-finder's report, the Employer's offer would permit it to make changes in the terms of the health insurance plan in the future at its sole discretion. The language in that offer, that any "...decisions as to the terms of the policy... shall be made by the Employer and shall not be grievable...", in the opinion of the undersigned, would have the effect of making that aspect or part of

the contract completely one-sided. Such a provision should be the product of voluntary agreement, not an arbitration award.

On balance then, giving consideration to all of the factors, the undersigned concludes the Fact-finder's recommendation on insurance is the most reasonable.

III HOLIDAYS

There is no denying that the Union's offer, which would add a holiday to the contract, has comparability with the provisions regarding the number of holidays contained in the contracts of its comparison group and in the contract of the Appanoose County Secondary Road Department. However, as noted by Fact-finder Perry, holidays "...are a benefit particularity susceptible to the give and take of bargaining..." Despite the number of bargaining units shown in the record in this case to have 10 holidays, the undersigned also finds no compelling reason to add a tenth holiday in the streets/waste-water contract, or, in other words, to unilaterally alter the bargaining history between the parties on this item. The Employer's offer and Fact-finder's recommendation are more reasonable, particularly given the fact that there would be an additional cost to the Employer to provide this benefit. That cost is not only measured in terms of the dollars paid but also by the work not accomplished or completed when employees are absent from the work place.

IV HOURS OF WORK

In this matter, the Union characterizes the Employer's offer on this item as an attempt to downsize the bargaining unit. The Employer, at the arbitration hearing, and the Fact-finder in his report, suggest that the humane officer is not a part of the bargaining unit. The undersigned posits the foregoing beliefs are premised upon the rather ambiguous terms of the original certification of the bargaining unit, wherein it was stated that the employees included in it were "...all employees of the City of Centerville in the street department and sewer utility department..." This Arbitrator questions whether any job classification in the original unit as certified can be removed by the parties or by a neutral in lieu of action by the Public Employment Relations Board to amend the unit. The undersigned does not view the deletion of the language regarding humane-officer hours of work as downsizing the unit or as recognizing the unit does not include the humane-officer job classification. Whether the unit includes the humane-officer classification or not, the fact remains the classification is currently filled by an employee on a part-time basis. The language currently in the contract providing that the "...total number of hours scheduled annually for the job classification of humane officer will be 2080 hours, more or less..." could be read to prohibit part-time employment in that classification. Given that potential and given a bargaining history in which reference to the classification in the overtime

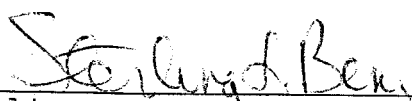
provision of the contract was deleted by agreement of the parties and given the fact that no other explicit reference to the classification appears in the contract, it is the judgment of the undersigned, the Employer's offer in this item and the Fact-finder's recommendation regarding it are more reasonable.

AWARD

For the reasons expressed, the undersigned makes the following selections on the impasse items:

1. Wages - Fact-finder's recommendation that wages be increased by \$.38 per hour for each employee in the bargaining unit effective July 1, 2004.
2. Insurance - Fact-finder's recommendation - no change in Article XVI - the language found in the 2003-2004 contract shall be continued in the 2004-2005 contract.
3. Holidays - Fact-finder's recommendation - no change in Article XII, Section 1 - the language found in the 2003-2004 contract shall be continued in the 2004-2005 contract (also Employers Offer).
4. Hours of Work - Fact-finder's recommendation - the language found in Section 3 of Article IX of the 2003-2004 shall be eliminated from the 2004-2005 contract (also Employers Offer).

Dated this 12th day of May, 2004.



Sterling L. Benz, Arbitrator

LETTER OF AGREEMENT

The Public Employer and the Union who are currently engaged in collective bargaining pursuant to Chapter 20, Code of Iowa, do hereby mutually agree to waive the statutory completion date of March 15, 20 04 as applied in Administrative Rule 627-7.6(20).

Completion date shall be May 15, 2004. *ROA.*
gms

Randy Schlegel

FOR THE UNION

William

FOR THE EMPLOYER

12-22-03
DATE

12-22-03
DATE

Centerville City Employees
PUBLIC EMPLOYER / DEPT.



Public Professional & Maintenance Employees

International Union of Painters and Allied Trades Local 2003

Business Representative Randy Schultz

719 West Jackson Street

Sigourney, IA 52591

Telephone: 641-622-9090 Facsimile: 641-622-9191

Iowa, Nebraska & Western Illinois District Council 81

April 19, 2004

TO: Debra A. George
121 N. 13th St.
Centerville, IA 52544

RE: **Union's Arbitration Positions**
City of Centerville Street and Sewer Utility Departments

CC: PERB (Sterling L. Benz, Arbitrator)

Dear Debra:

Pursuant to our phone conversation on April 16, 2004 and in compliance with the Rules and Regulations of the Public Employment Relations Board, the Union submits its final offer for arbitration on the following issues that remains at impasse:

1. ARTICLE 9 – HOURS OF WORK

Current contract.

2. ARTICLE 12 – HOLIDAYS

Add "Good Friday" to the list of paid holidays in Section 1.

3. ARTICLE 16 – INSURANCE

No change to the current contract except to include the following city policy:

EARLY RETIREMENT INSURANCE

If an employee has completed twenty (20) years of full-time employment for the City of Centerville and attained fifty-five (55) years of age as of the date of retirement, the City shall pay an amount equal to fifty percent (50%) of the cost of

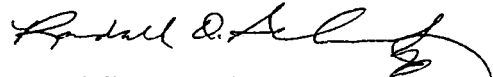
Union Exhibit 5

the insurance premium of the City's group medical and dental plan for a retiree until the retiree attains sixty-five (65) years of age or is otherwise eligible for Medicare, whichever is first to occur. The retiree can elect family coverage upon payment of the balance of the total insurance premium.

4. ARTICLE 18 – WAGES

Increase all hourly wage rates as set out in Exhibit A, Wage Schedule, by **\$0.43** (3.27% averaged across-the-board) effective July 1, 2004.

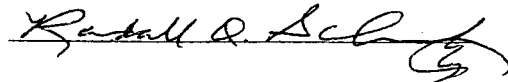
Sincerely,



Randall D. Schultz

PROOF OF SERVICE

The undersigned certifies that Randall D. Schultz served a copy of the foregoing instrument via ordinary mail on the 19th day of April 2004.



**CITY OF CENTERVILLE PROPOSALS
FOR THE 2004-2005 COLLECTIVE BARGAINING AGREEMENT
FOR EMPLOYEES OF THE CITY OF CENTERVILLE
STREET AND SEWER UTILITY DEPARTMENTS**

The City of Centerville proposes no changes in the current Bargaining Agreement, with the exception of the following:

1. **ARTICLE IX – HOURS OF WORK**

REMOVE Section 3.

Section 3 now reads: The job classification of humane officer will work a daily and weekly work schedule approved by the Employer. The total number of hours scheduled annually for the job classification of humane officer will be 2080 hours, more or less.

2. **ARTICLE XII – HOLIDAYS**

3. **ARTICLE XVI – INSURANCE**

CHANGE TO PLAN C – as previously proposed, using the following language:

CHANGE Part A to read as follows:

A. **Medical and Major Medical Insurance** - The Employer shall maintain for each employee a medical and hospital insurance policy, benefits which are described in Exhibit A. An employee who elects to receive this coverage shall pay 13.5%, which is currently the sum of fifty-four dollars and fifty cents (\$54.50) per month through regular authorized payroll deductions. Employees shall be allowed an open enrollment period bi-annually if they reject coverage. Any decisions as to the terms of the policy or as to the carrier shall be made by the Employer, and shall not be grievable. The employee will be covered in accordance with the terms of the policy.

CHANGE Part C to read as follows:

C. **Dental Insurance** – The Employer shall maintain for each employee a dental insurance policy, cost of which to be included with premium for medical insurance. These benefits are comparable to, but not necessarily identical to, the policy presently in existence. Any decisions as to the terms of the policy or as to the carrier shall be made by the Employer, and shall not be grievable. The employee will be covered in accordance with the terms of the policy.

CHANGE Part D to read as follows:

D. **Family Coverage** – An employee may elect to cover their family under the medical/hospital, dental and prescription insurance policies. In this event the employee

shall pay 19.6%, which is currently the sum of one hundred and seventy five dollars per month (\$175) through regular authorized payroll deductions. This amount includes the single coverage amount as stated above. The Employer shall pay the balance to 100%. Any decisions as to the terms of the policy or as to the carrier shall be made by the Employer, and shall not be grievable. Details of this policy are attached as Exhibit A.

ADD Part E as follows:

E. **Section 125 Plans** – The Employer shall provide for employees to voluntarily participate in the IRS Section 125 plan as it relates to insurance premiums paid by the employee.

4. **ARTICLE XVIII – WAGES, page 18**

No changes in wages from current contract.

5. **ARTICLE XXII – EFFECTIVE PERIOD, Page 20**

CHANGE the dates here and in the body of the contract as necessary to reflect the Agreement beginning July 1, 2004.

CITY OF CENTERVILLE
HEALTH INSURANCE
STREET/WASTE WATER UNION

		PPO	Non-PPO
Deductible	Single	\$1,000	\$1,000
	Family	\$2,000	\$2,000
OOPM	Single	\$2,000	\$2,000
	Family	\$4,000	\$4,000
RX	\$10/25% 30-day supply \$10 or 25% whichever is higher		
Office Visit Co-Pay		\$15	Deductible First
Other than Office		90/10	80/20

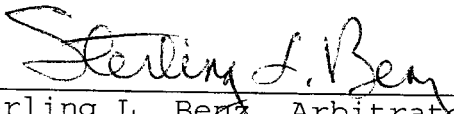
CERTIFICATE OF SERVICE

I certify that on the 12th day of May, 2004, I served the foregoing Report of Arbitration upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Debra George
121 North 13th Street
Centerville, IA 52544

Randall Schultz
719 West Jackson Street
Sigourney, IA 52591-1057

I further certify that on the 12th day of May, 2004, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.



Sterling L. Benz, Arbitrator